


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 25, 2016

SUBJECT: Fiscal Impact Statement – “Department of Consumer and Regulatory Affairs Community Partnership Amendment Act of 2016”

REFERENCE: Bill 21-862, Committee Print provided to the Office of Revenue Analysis on October 21, 2016

Conclusion

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will reduce special purpose revenue by \$206,317 in FY 2017 and \$1,444,220 over the four-year financial plan.

Background

The bill amends general licensing law and makes two changes to real property law.

The bill exempts small businesses from general licensing requirements¹ if a business has gross annual revenue of \$2,000 or less and business activity occurring on a maximum of 30 days per calendar year. Business owners must determine themselves whether they meet these criteria and need not provide notice that they are claiming the exemption. However, the bill requires businesses to provide a self-certification letter upon request from Department of Consumer and Regulatory Affairs (DCRA). Failure to notify DCRA once business revenue exceeds \$2,000 or knowingly making a false statement on this matter to DCRA is a Class 1 civil infraction.

The bill requires that all landlords in apartments, community based residential facilities, and other residential housing businesses provide a 24-hour accessible emergency number and continually post that number at the residence.

¹ D.C. Official Code § 47-2851.02.

The Honorable Phil Mendelson

FIS: "Department of Consumer and Regulatory Affairs Community Partnership Amendment Act of 2016," Bill 21-862, Committee Print provided to the Office of Revenue Analysis on October 21, 2016.

The bill clarifies that vacant properties must be registered only by the owner-of-record or their authorized agent. No other person may register a vacant property.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the resolution. The bill will reduce special purpose revenue by \$206,317 in FY 2017 and \$1,444,220 over the four-year financial plan.

Exempting certain businesses from the general licensing requirements is likely to reduce revenue from basic business license fees and endorsements² in the Department of Consumer and Regulatory Affairs Basic Business License special purpose revenue fund.³ There are an estimated 5,000 businesses⁴ in the District with annual revenues under \$2,000 that may benefit from this exemption. It is unknown how many of these businesses operate fewer than 30 days per year. Because the hourly revenue for a business earning \$2,000 over 30, eight-hour days is less than minimum wage, we expect that most businesses earning under \$2,000 in revenue do not operate for more than 30 days. It is also unknown how many of these small businesses obtain business license fees, however DCRA contends that due to the size of the business, it is likely that many do not. We assume in this estimate that 50 percent of businesses are not currently obtaining licenses.

The landlord and vacant property requirements in the bill can be managed by DCRA within existing resources.

Estimated Fiscal Impact of Bill 21-862 "Department of Consumer and Regulatory Affairs Community Partnership Act of 2016" FY 2017 – FY 2020					
	FY 2017⁽¹⁾	FY 2018	FY 2019	FY 2020	TOTAL
Reduced Special Purpose Revenue	\$206,317	\$412,634	\$412,634	\$412,634	\$1,444,220

⁽¹⁾ Assumes implementation will begin in 2nd Quarter, FY 2017.

² Endorsements are classes of licenses. See D.C. Official Code ST § 47-2851.03 for a list of endorsements, or categories/classes of business licenses.

³ D.C. Official Code § 47-2851.13.

⁴ Statistics for All U.S. Firms by Industry, Gender, and Receipts Size of Firm for the U.S. and States, United States Census, 2012.